

Message Text

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FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC IMMEDIATE 7801
INFO USMISSION GENEVA
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PASS TREASURY FOR ASST SECY BERGSTEN AND JOHN JOHNSON;
ALSO PASS STR; GENEVA FOR USMTN

EO 11652 NA
TAGS ETRD BR
SUBJECT: GOB POSITION ON EXPORT SUBSIDIES/COUNTERVAILING DUTIES

REF: A. BRASILIA 3738 B. STATE 131774 C. STATE 133544 D. STATE 136980
E. STATE 140541

1. SUMMARY. MINISTRY OF FINANCE GENERAL COUNSEL FRANCISCO DORNELLES
CONFIRMS THAT HE WILL MEET WITH TREASURY ASSISTANT SECRETARY AND
REPRESENTATIVES OF STR ON JUNE 12-13 TO DISCUSS POSSIBLE MULTI-
LATERAL CODE ON EXPORT SUBSIDIES AND COUNTERVAILING DUTIES. GOB
APPRECIATED RECEIPT OF US DRAFT OUTLINE OF APPROACH TO CODE AND
ALSO ADVANCE NOTIFICATION OF PRELIMINARY RULING ON TEXTILE CASE.
OFFICIAL SUBSTANTIVE RESPONSE HAS BEEN MINIMAL BUT PRESS REPORTS
OF GOB COMMENTS AND PREVIOUS SPEECHES AND COMMENTS OF GOB
OFFICIALS TO EMBASSY OFFICERS SUGGEST THAT BRAZIL WILL PRESS HARD
FOR SPECIAL AND DIFFERENTIAL TREATMENT AND WILL RESIST REDUCTION
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IN EXISTING EXPORT SUBSIDIZATION. GOB HOPING THAT AGREEMENT ON CODE
IN MTN WILL PRECLUDE FINAL COUNTERVAILING DUTY ACTION ON TEXTILES.
GOB ARGUES THAT USE OF CVD IS ILLEGAL IN CASE OF TEXTILES WHICH ARE
SUBJECT TO QUOTA UNDER BILATERAL AGREEMENT. EMBASSY RECOGNIZES
PRESSURES IN WASHINGTON TO SEEK ELIMINATION OF ALL EXPORT SUBSIDI-
ZATION BUT BELIEVES S&D FOR LDCE SHOULD BE GIVEN SERIOUS ATTENTION.
PRELIMINARY DETERMINATION ON TEXTILES AND US DRAFT ON CODE GO

BEYOND PREVIOUS POSITION BY IDENTIFYING PREFERENTIAL FINANCING FOR EXPORTS, INTERNAL REGIONAL INVESTMENT INCENTIVES, AND EXEMPTIONS FROM IMPORT DUTIES ON MACHINERY PURCHASES AS EXPORT INCENTIVES THAT MAY BE SUBJECT TO COUNTERVAILING DUTIES. DESPITE THE SOUND ECONOMIC ARGUMENTS AGAINST THE INDEFINITE USE OF SUCH INCENTIVES, THE GOB CAN BE EXPECTED TO REACT VIGOROUSLY AND DEFEND THEIR USE ON INFANT INDUSTRY GROUNDS AND AS ESSENTIAL ELEMENTS OF BRAZIL'S OVERALL INDUSTRIALIZATION STRATEGY. PRIVATE SECTOR COMMENTS SUGGEST THAT BRAZIL MAY BE PREPARED TO UNDERTAKE SUBSTANTIAL MODIFICATION OF ITS EXPORT SUBSIDIES EARLY IN THE NEXT ADMINISTRATION BUT THAT CHANGES IN SUBSTANCE IF NOT IN FORM ARE UNLIKELY IN THE NEXT 6-9 MONTHS. END SUMMARY.

2. IN ACCORDANCE WITH INSTRUCTIONS, FINATT DELIVERED COPIES OF US OUTLINE OF APPROACH ON EXPORT SUBSIDIES/COUNTERVAILING DUTIES CODE TO FINANCE MINISTRY (DORNELLES) AND FOREIGN MINISTRY (BOTAFOGO) (REFTEL B), AND ADVISED BOTH THOSE MINISTRIES AND MINISTRY OF INDUSTRY AND COMMERCE OF PRELIMINARY DETERMINATION IN TEXTILES CASE (REFTEL C). DORNELLES HAS CONFIRMED IN RESPONSE TO INVITATION TO VISIT WASHINGTON (REFTELS A AND D) THAT HE WILL MEET TREASURY ASSISTANT SECRETARY BERGSTEN AND RIVERS AND LANDE OF STR ON MON-TUES, JUNE 12-13, TO DISCUSS SUBSIDIES CODE. DORNELLES ALSO HAS REQUESTED THAT HE HAVE OPPORTUNITY TO MEET WITH AMBASSADOR WOLFF. LETTER ON SUBJECT FROM BERGSTEN TO MINISTER SIMONSEN BEING DELIVERED TODAY, TUES, JUNE 6. EMBASSY HAS DETERMINED THAT DORNELLES WILL BE ACCOMPANIED BY ADIMAR SCHEIVELBEIN OF THE FINANCE LIMITED OFFICIAL USE

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MINISTRY'S INTERNATIONAL DIVISION, AND JOSE MARIO BIMBATO OF THE MINISTRY'S GENERAL COUNSEL'S OFFICE. ALSO CLODOALDO HUGUENEY OF THE FOREIGN MINISTRY WILL TRAVEL FROM GENEVA TO JOIN DORNELLES, AND ALVARO COSTA FRANCO FILHO OF THE BRAZILIAN EMBASSY IN WASHINGTON WILL PARTICIPATE.

3. GOB OFFICIALS EXPRESSED APPRECIATION FOR RECEIPT OF DRAFT ON CODE AND PRELIMINARY TEXTILE DETERMINATION. HOWEVER, DORNELLES' RESPONSE ON SUBSTANCE WAS MINIMAL AND HE STATED THAT UNFORTUNATELY GOB WILL NOT BE ABLE TO PROVIDE PAPER SETTING FORTH GOB VIEWS.

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COMMENTS BY SCHEIVELBEIN AND BOTAFOGO INDICATED GOB NOT PARTICULARLY PLEASED WITH US POSITIONS BUT ALSO THEY WERE NOT SURPRISED BY US DRAFT OUTLINE AND DRAFT RELEASE ON TEXTILES CASE. FOLLOWING PARAGRAPHS ATTEMPT TO ANTICIPATE POSITIONS GOB DELEGATION MAY TAKE IN WASHINGTON TALKS JUNE 12-13, AND SUBSEQUENTLY IN GENEVA, BY DRAWING ON DISCUSSION DURING HUFBAUER AND WOLFF VISITS AND RECENT STATEMENTS BY GOB OFFICIALS BOTH PUBLICLY AND IN PRIVATE TO EMBASSY OFFICERS.

4. GOB SPOKESMEN DORNELLES AND BOTAFOGO COMMENTED APPROVINGLY TO EMBASSY OFFICERS ON THE PHRASE IN THE DRAFT OUTLINE THAT QUOTE SIGNATORIES WOULD RECOGNIZE THAT SUBSIDIES CAN PROMOTE IMPORTANT OBJECTIVES OF NATIONAL POLICY END QUOTE. THE QUOTE RIGHT AND NECESSITY

END QUOTE OF LDCS TO SUBSIDIZE EXPORTS WAS A MAJOR POINT IN A SPEECH IN APRIL BY JOSE CARLOS SOARES FREIRE, SECRETARY GENERAL OF THE MINISTRY OF FINANCE. ALSO, MINISTER SIMONSEN REITERATED IN A SPEECH TO TEXTILE EXPORTERS ON JUNE 3 (I.E., AFTER RECEIVING THE US DRAFT OUTLINE AND PRELIMINARY TEXTILE DETERMINATION) THAT EXPORT INCENTIVES ARE A NECESSARY ELEMENT IN ANY REALISTIC
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BRAZILIAN ECONOMIC MODEL. WE BELIEVE THEREFORE THAT IN WASHINGTON DORNELLES MAY SUGGEST STRENGTHENING THE CODE LANGUAGE RECOGNIZING THE IMPORTANCE OF SUBSIDIES, PERHAPS BY EXPLICIT REFERENCE TO THEIR USE BY LDCS TO OVERCOME STRUCTURAL PROBLEMS.

5. DORNELLES AND BOTAFOGO ALSO WELCOMED THE ACCEPTANCE OF THE INJURY CONCEPT IN THE US DRAFT. PROVISION IN A SUBSIDIES CODE FOR PROOF OF INJURY TO PRODUCERS IN THE IMPORTING COUNTRIES HAS BEEN A MAJOR GOB OBJECTIVE. GOB OFFICIALS HAVE ARGUED THAT A QUOTE REASONABLE END QUOTE DEFINITION OF INJURY WOULD PROBABLY PRECLUDE MOST COUNTERVAILING ACTIONS AGAINST BRAZILIAN EXPORTS BECAUSE

BRAZIL ACCOUNTS FOR A SMALL PROPORTION OF TOTAL US IMPORTS. A FINANCE MINISTRY SOURCE (PROBABLY DORNELLES) WAS QUOTED IN THE JORNAL DO BRAZIL OF MAY 31 SAYING THAT THE PRELIMINARY TEXTILE DETERMINATION SHOULD NOT CAUSE ALARM BECAUSE AGREEMENT ON AN MTN CODE WITH AN INJURY CLAUSE SHOULD RENDER THE FINAL DETERMINATION IN NOVEMBER IRRELEVANT. HOWEVER, DORNELLES HIMSELF HAS COMMENTED TO FINATT THAT AGREEMENT ON THE DEFINITION AND IMPLEMENTATION OF AN INJURY PROVISION WILL BE VERY DIFFICULT. WE EXPECT THAT THE GOB DELEGATION WILL SEEK TO TIGHTEN THE DRAFT CODE LANGUAGE, CONSISTENT WITH THE STATEMENT IN SECRETARY GENERAL FREIRE'S SPEECH THAT CVDS SHOULD BE APPLIED QUOTE ONLY AFTER PROOF OF THE EXISTENCE OF SUBSTANTIAL DAMAGE TO INDUSTRY IN THE IMPORTING COUNTRY AS A CONSEQUENCE OF THE SUBSIDY AND THE VERIFICATION OF THE DAMAGE MADE IN ACCORD WITH ESTABLISHED GATT PROCEDURES ENDQUOTE. THIS STATEMENT SUGGESTS THAT THE GOB COULD PRESS FOR ELIMINATION OF THE US DRAFT REFERENCE TO IMPORTS THAT QUOTE THREATEN INJURY ENDQUOTE. WHILE THE GOB WILL ALSO FAVOR THE STRONGEST POSSIBLE PROVISIONS FOR PRIOR CONSULTATION AND GATT INVOLVEMENT IN DETERMINATION OF INJURY, MINISTER SIMONSEN ACKNOWLEDGED TO AMBASSADOR WOLFF IN EARLY MAY THAT FINAL DETERMINATION OF INJURY MUST ULTIMATELY REST WITH THE IMPORTING COUNTRY.

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6. BOTAFOGO EXPRESSED HIS APPROVAL OF THE US DRAFT STATEMENT THAT THE EMPHASIS SHOULD BE ON THE EFFECTS OF SUBSIDIES AND NOT ON SUBSIDIES PER SE. HE RECOGNIZED THAT IT PERHAPS FACILITATES CVD ACTIONS AGAINST INTERNAL SUBSIDIES BUT HE BELIEVES MORE IMPORTANTLY THE IMPLIED SUBJECTIVE APPROACH NEGATES THE US DESIRE TO HAVE A NEGATIVE LIST OF PROHIBITED SUBSIDY PRACTICES. DORNELLES STATED DURING THE WOLFF TALKS AND SCHEIVELBEIN HAS REPEATED RECENTLY THAT THE GOB OPPOSES A NEGATIVE LIST AND WANTS INSTEAD A LIST OF PRACTICES THAT LDCS WOULD BE PERMITTED TO USE REGARDLESS OF ANY INJURY THAT MIGHT RESULT. THE LATTER POSITION MUST BE SEEN MAINLY AS A NEGOTIATING STANCE BUT THE GOB CAN BE EXPECTED TO PRESS HARD FOR AT LEAST TEMPORARY EXEMPTIONS FOR LDCS FROM SOME OR ALL PRACTICES ULTIMATELY INCLUDED IN A NEGATIVE LIST AND FOR EXPLICIT CODE REFERENCE TO PERMITTED PRACTICES SUCH AS THOSE MENTIONED IN THE DRAFT PRELIMINARY DETERMINATION ON TEXTILES (E.G., NON-EXCESSIVE REBATE OR REMISSION OF INDIRECT TAXES DIRECTLY RELATED TO AN EXPORTED PRODUCT).

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7. THE GOB PROBABLY WILL STRONGLY OPPOSE CVD COVERAGE OF REGIONAL DEVELOPMENT SUBSIDIES, OTHER INTERNAL SUBSIDIES SUCH AS EXEMPTIONS FROM IMPORT DUTIES AND OTHER TAXES THAT ARE GRANTED FOR INVESTMENT PROJECTS BY THE INDUSTRIAL DEVELOPMENT COMMISSION (CDI), AND SUBSIDIZATION OF EXPORT CREDITS. THEY WILL ARGUE THAT THESE INSTRUMENTS ARE ESSENTIAL TO BRAZILIAN POLICIES TO REDUCE REGIONAL ECONOMIC DISPARITIES, ENCOURAGE DOMESTIC INDUSTRIALIZATION, AND OVERCOME EXCESS COSTS AND INEFFICIENCIES CAUSED BY STRUCTURAL PROBLEMS CHARACTERIZING LDCE. WHILE THE DORNELLES DELEGATION MAY ACCEPT THE INCLUSION OF SUCH PRACTICES AS COUNTERVAILABLE UNDER THE CODE THEY WILL ARGUE THAT A SHARP DISTINCTION SHOULD BE MADE BETWEEN INDUSTRIALIZED COUNTRIES AND LDCE, WITH THE LATTER AFFORDED SUBSTANTIAL SPECIAL AND DIFFERENTIAL TREATMENT IN THIS AREA.

8. THE GOB WILLINGLY ACKNOWLEDGES THAT ITS IPI TAX CREDITS IN EXCESS OF ORDINARY EXEMPTIONS ARE SUBJECT TO COUNTERVAILING DUTY ACTION. PERHAPS RECOGNIZING THE RELATED INCREASING POTENTIAL FOR DISRUPTION TO BRAZIL'S EXPORTS, MINISTER SIMONSEN HAS INDICATED ON AT LEAST THREE OCCASIONS THAT BRAZIL MIGHT BE PREPARED TO MODIFY OR PHASE OUT CERTAIN OF ITS EXPORT INCENTIVES. HE SPOKE OF A
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GRADUAL PHASEOUT TO EMBASSY OFFICERS AND WASHINGTON PARTICIPANTS IN PRESIDENT CARTE'S VISIT TO BRAZIL IN MARCH. DURING THE WEEK OF MAY 29 HE MADE COMMENTS TO THE PRESS ABOUT POSSIBLY SUBSTITUTING TAX EXEMPTIONS FOR SUBSIDIZED CREDIT AS THE MAJOR FORM OF INCENTIVES FOR AGRICULTURE (HE DID NOT REFER SPECIFICALLY TO AGRICULTURAL EXPORTS BUT THE SUGGESTED SHIFTS COULD LEAD TO ELIMINATION OF EXISTING DIRECT SUBSIDIZATION OF CERTAIN AGRICULTURAL EXPORTS). FINALLY, IN HIS SPEECH TO TEXTILE EXPORTERS JUNE 4 SIMONSEN

EXPLICITELY MENTIONED THE POSSIBILITY OF MODIFICATIONS IN THE EXISTING FORMS OF EXPORT INCENTIVES. ON THE OTHER HAND, DORNELLES HAS STATED THAT THE GOB WOULD PREFER TO MAINTAIN EVEN THE TAX CREDIT SYSTEM, SUBJECT TO AN INJURY CLAUSE, IF POSSIBLE. ALSO, UPON RECEIPT OF THE US DRAFT OUTLINE, BOTAFOGO RAISED TWO SERIOUS QUESTIONS, WHICH THE GOB CAN BE EXPECTED TO RAISE IN WASHINGTON: A) THE DRAFT STILL CONTAINS A VERY LARGE GAP WITH REGARD TO SUBSIDIZATION OF PRIMARY OR AGRICULTURAL COMMODITIES-HOW WILL THIS AREA BE TREATED? B) THE DRAFT STATES THE SIGNATORIES' COMMITMENT NOT TO GRANT SUBSIDIES ON NON-PRIMARY PRODUCTS-DOES THE US INTEND TO ADHERE TO THIS PROVISION AND, IF SO, HOW IS THE GOB TO INTERPRET PRESS REPORTS OF MAY 27 OF COMMENTS BY SECRETARY OF COMMERCE KREPS THAT THE US WILL SEEK TO IMPROVE AND STRENGTHEN THE DISC INSTEAD OF ELIMINATING IT AS PREVIOUSLY PROPOSED?

9. DORNELLES AND BOTAFOGO BOTH STATED DURING THE WOLFF TALKS AND MORE RECENTLY TO FINALLY THAT THE GOB CONSIDERS THE SO-CALLED SECOND TRACK RECOURSE TO CVDs WITHOUT PROOF OF INJURY AS A QUOTE A STEP BACKWARD ENDQUOTE. THEY BELIEVE IT CONSTITUTES AN ATTEMPT BY THE US TO RAISE TO A MULTILATERAL LEVEL WHAT THEY SEE AS THE MOST OBJECTIONABLE ASPECT OF THE US TRADE ACT. IN HIS TALKS WITH AMBASSADOR WOLFF, MINISTER SIMONSEN DID NOT OBJECT TO THE CONCEPT OF UNILATERAL RETALIATION IN ACCORDANCE WITH THE NULLIFICATION AND IMPAIRMENT PROVISIONS OF GATT ARTICLE XXIII IN THE CASE OF A COUNTRY THAT MAKES A COMMITMENT NOT TO SUE SPECIFIC EXPORT SUB-LIMITED OFFICIAL USE

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SUBSIDIES AND THEN VIOLATES THAT COMMITMENT. HOWEVER, WE BELIEVE THAT SIMONSEN EXPECTS THAT LDCEs WOULD SIMPLY NOT BE OBLIGED TO MAKE SUCH COMMITMENTS UNDER THE CODE AND THUS WOULD NOT RUN THE RISK OF BEING SUBJECT TO SECOND TRACK COUNTERVAILING ACTIONS. WHILE THE GOB MAY BE WILLING TO ACCEPT THIS CONCEIT IN THE CODE FOR APPLICATION TO INDUSTRIAL COUNTRIES, WE THEREFORE WOULD EXPECT DORNELLES TO SUGGEST IN WASHINGTON THAT LDCEs SHOULD BE EXEMPTED FROM UNDERTAKING ANY FIRM COMMITMENT NOT TO USE SPECIFIC SUBSIDIES.

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10. FINALLY, IN DIRECT RESPONSE TO THE PRELIMINARY TEXTILE DETERMINATION, THE GOB HAS REITERATED VIA THE PRESS THE ARGUMENT IT PRESENTED DURING THE HUFBAUER AND WOLFF TALKS THAT COUNTERVAILING DUTIES ARE ILLEGAL IN CASES WHERE THE EXPORT IS SUBJECT TO QUOTAS UNDER A BILATERAL AGREEMENT. A GOB SOURCE (AGAIN PROBABLY DORNELLES) WAS QUOTED IN THE ESTADO DE SAO PAULO ON JUNE 2 AS SAYING THAT THE GOB WILL TRY TO CONVINCE THE TREASURY THAT BRAZILIAN TEXTILE EXPORTS SHOULD NOT BE SUBJECT TO CFDS BECAUSE THEY ARE RESTRICTED ALREADY BY THE BILATERAL TEXTILE AGREEMENT. THE SOURCE SAID THAT IF NECESSARY BRAZILIAN EXPORTERS COULD ULTIMATELY APPEAL TO US COURTS TO ELIMINATE ANY CVDS AS A FORM OF DOUBLE INJURY. GIVEN THIS OUTSTANDING CASE, WE EXPECT THE GOB DELEGATION TO PUSH FOR INCLUSION IN THE DRAFT CODE OF A PROVISION THAT WOULD EXPLICITLY PROHIBIT THE USE OF CVDS AGAINST EXPORTS THAT ARE ACCORDED ESTABLISHED QUOTAS UNDER TRADE AGREEMENTS.

11. IN CONCLUSION, WE BELIEVE THE DORNELLES DELGATION MAY PURSUE THE FOLLOWING OBJECTIVES IN THE TALKS IN WASHINGTON JUNE 12-13: A) STRENGTHEN THE RECOGNITION OF THE IMPORTANCE OF EXPORT SUBSIDIES TO LDCS; B) DEFINITE MORE NARROWLY AND PRECISELY THE PROOF OF INJURY
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IN THE IMPORTING COUNTRY; C) STRENGTHEN THE PROVISIONS FOR CONSULTATIONS AND GATT REVIEW BEFORE IMPLEMENTATION OF CVDS; D) INCLUDE PROVISIONS THAT CVDS BE TEMPORARY, NON-DISCRIMINATORY AND SUBJECT TO PERIODIC REVIEW; E) OPPOSE A NEGATIVE LIST OF PROHIBITED PRACTICES AND PROVIDE FOR MAXIMUM LDC FLEXIBILITY IN THE USE OF EXPORT INCENTIVES; F) SPECIFICALLY OPPOSE CVD COVERAGE OF REGIONAL AND OTHER INTERNAL INCENTIVES NOT DIRECTLY RELATED TO EXPORTING; G) INCLUDE REFERENCE TO ACCEPTABLE SUBSIDIES; H) OPPOSE ASSUMPTION THAT LDCS SHOULD UNDERTAKE COMMITMENTS THAT MIGHT MAKE THEM SUBJECT TO CVD ACTION WITHOUT PROOF OF INJURY; I) PRECLUDE USE OF CVDS WHERE EXPORTS ARE ALREADY GOVERNED BY QUOTAS.

12. EMBASSY COMMENT- WE APPRECIATE THAT BRAZIL HAS BEEN BENEFITTING FOR SOME TIME FROM WIDESPREAD USE OF EXPORT SUBSIDIES THAT CONSTITUTE

UNFAIR TRADE COMPETITION. WE ALSO BELIEVE THAT AS A RESPONSIBLE PARTICIPANT IN THE MTN AND TO ASSURE THAT ITS OWN LONG-TERM DEVELOPMENT RESULT IN AN EFFICIENT AND COMPETITIVE ECONOMY, BRAZIL MUST BE PREPARED TO UNDERTAKE REDUCTION OF ITS SUBSIDIZATION OF EXPORTS. ON THE OTHER HAND, WE SEE MERIT IN SEVERAL ASPECTS OF THE GOB POSITION, PARTICULARLY AS REGARDS THE NEED TO ENCOURAGE INFANT INDUSTRIES, TO STIMULATE INVESTMENT ACTIVITY AND CAPITAL FORMATION, AND TO REDUCE REGIONAL ECONOMIC DISPARITIES. ESPECIALLY IMPORTANT IS PROVISION FOR APPROPRIATE TRANSITIONAL PERIODS FOR LDCS TO GRADUALLY PHASE OUT EXPORT SUBSIDIES. WE BELIEVE THAT THE CURRENT GOB ADMINISTRATION MAY AGREE TO SOME SHIFTS OF EMPHASIS IN THE EXISTING SYSTEM OF EXPORT INCENTIVES BUT THAT IT WILL STRONGLY RESIST ANY IMMEDIATE SUBSTANTIAL REDUCTION IN OVERALL EFFECTIVE SUBSIDIZATION. PRIVATE SECTOR ECONOMISTS SUCH AS PASTORE (FOUNDATION FOR TRADE STUDIES) AND LANGONI (GETULIO VARGAS FOUNDATION) HAVE SUGGESTED THAT MORE FUNDAMENTAL MODIFICATIONS INVOLVING IMPORT RESTRICTIONS AND THE EXCHANGE RATE AS WELL AS EXPORT SUBSIDIES MAY BE POSSIBLE AFTER THE CHANGE IN GOB ADMINISTRATIONS IN MARCH 1979. RECENT COMMENTS BY LANGONI AND BY LIMITED OFFICIAL USE

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INDUSTRIALIST CLAUDIO BARDELLA SUGGEST THAT EXPORTERS ARE SLOWLY BEGINNING TO REALIZE THAT THE THREAT OF RETALIATION IS REAL AND THAT REDUCTION OF SUBSIDIES IS NECESSARY. WE BELIEVE THAT THE US SHOULD ATTEMPT TO ENCOURAGE THAT TREND BUT SEEK TO PERMIT BRAZIL AND OTHER LDCS THE FLEXIBILITY AND TIME TO ADJUST WITHOUT DISRUPTION TO THEIR INTERNAL ECONOMIC GOALS, PERMIT THEM TO TAKE MEASURES WHICH IN FACT ARE PART OF AN ECONOMICALLY SOUND GROWTH STRATEGY FOR DEVELOPING COUNTRIES, AND AVOID TRIGGERING COUNTER-PRODUCTIVE BILATERAL TRADE CONFRONTATIONS WITH THE US. SAYRE

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